

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market-Dominant
Price Adjustment

Docket No. R2013-10

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued October 18, 2013)

To clarify the Postal Service's planned market dominant price adjustments in its Notice of Market Dominant Price Adjustment, filed September 26, 2013, the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than October 24, 2013.

1. Federal Register Notice, 78 FR 23137 (April 18, 2013) states that starting January 26, 2014, Full-Service Intelligent Mail barcodes will be required in order for mailpieces to qualify for automation First-Class Mail, Standard Mail, Periodicals, and Bound Printed Matter prices. Please specify what adjustments were made to the billing determinants pursuant to 39 CFR 3010.23(d) to reflect the redefinition of the automation rate cells. If no adjustments were made, please explain in detail how the redefinition of the automation rate cells is accounted for in the CPI-based price cap calculations.
2. For First-Class Mail, Standard Mail, Periodicals, and Bound Printed Matter, the Full Service IMb volume for the hybrid year of Q4 FY2012 to Q3 FY2013 is provided in the aggregate.
 - a. Please provide disaggregated Full Service IMb volume for all categories of First-Class, Standard Mail, Periodicals, and Bound Printed Matter that will be affected by any Full Service IMb DMM change identified in question 1.

- b. Please provide cap calculation spreadsheets for First-Class Mail, Standard Mail, Periodicals, and Bound Printed Matter that reflect the new prices that will be charged for the disaggregated volumes provided in response to subpart a of this question.
- 3. On page 16 of its Notice, the Postal Service states that it plans to require the “previously optional FSS preparation for all flat-shaped mail pieces destinating in FSS zones.”
 - a. Please provide the implementation date for this requirement.
 - b. Please indicate what prices will apply to flat-shaped mailpieces destinating in FSS zones that do not meet the FSS preparation requirements.
 - c. Please specify what adjustments were made to the billing determinants pursuant to 39 CFR 3010.23(d) to reflect this change. If no adjustments were made, please explain in detail how the redefinition of the automation flat rate cells is accounted for in the CPI-based price cap calculations.
 - d. Please provide the affected volume by rate category for First-Class Mail, Periodicals, Standard Mail, and Bound Printed Matter and cap calculation spreadsheets for First-Class, Standard Mail, Periodicals, and Bound Printed Matter that reflect the new prices that will be charged for these volumes.
- 4. The Postal Service has proposed FSS pricing for Periodicals, Standard Mail, and Bound Printed Matter. In the supporting workpapers for each class, billing determinants were adjusted to disaggregate volume to the new rate categories.
 - a. Please provide electronic workpapers showing how the Postal Service developed the disaggregated volumes.
 - b. In file “CAPCAL-PER-R2013-10.xls” tab “Outside County,” please confirm that “FSS Scheme” bundle volume is 0. Please discuss why no 5-digit or

Carrier route bundles entered in the hybrid year are considered FSS Scheme bundles.

- c. Will High Density Flat mailers be able to enter mail at DDU prices in FSS zones?
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- 5. Please refer to USPS-LR-R2013-10/2, Excel file: CAPCALC-STD-R2013-10. Please confirm that the Standard Mail workpapers do not include volumes or rates related to the Mobile Technology Promotions and the Earned Value Reply Mail Promotion that were approved in Docket No. R2013-1. If confirmed, please provide updated Standard Mail workpapers that include these omitted Standard Mail rate categories. If not confirmed, please explain.
 - 6. Pursuant to the 2010 Annual Compliance Determination (ACD), please provide:
 - a. An explanation of how the proposed prices for Standard Mail Flats will move the Flats cost coverage toward 100 percent.
 - b. A statement estimating the effect that the proposed prices will have in reducing the intra-class subsidy of the Flats product.
 - c. All workpapers and data used to respond to subparts a and b.
 - d. An updated schedule of future above-CPI price increases for Standard Mail Flats.

7. The following questions concern the Every Day Direct Mail (EDDM) Coupon Program.
- a. Provide the criteria that will be used to determine if a customer is eligible for an EDDM Coupon and the criteria used to determine if an eligible customer will receive a \$50 credit or \$100 credit.
 - i. Will all mailers who meet these criteria receive a coupon?
 - ii. If not, please explain.
 - b. Please explain how the Postal Service will ensure that the EDDM Coupon Program will not exceed \$3 million.
 - c. Attachment D states, “Internal USPS personnel such as the Sales organization would have the ability to issue a coupon with a promotion code to targeted, qualified new customers....”
 - i. Please describe how a “targeted, qualified customer” will be identified.
 - ii. Will the EDDM Coupon Program target certain geographic areas? If so, what areas?
 - iii. Will the EDDM Coupon Program target areas with specific demographic attributes? If so, what attributes?

By the Chairman.

Ruth Y. Goldway